



**MINUTES FROM MEETING OF  
THE PLANS MANAGEMENT BOARD  
JANUARY 24, 2017**

A meeting of the Plans Management Board was held on January 24, 2016  
At 2:00 PM in the Conference Room of the Office of the State Treasurer (OST)  
Located at 820 Silver Lake Blvd., Suite 100, Dover, DE 19904

Board Members Represented or in Attendance:

Mr. José Echeverri, Chair, Plans Management Board  
Mr. Stephen Saville, Chair, College Investment Committee (Telephonically)  
Mr. Charles Campbell-King, Chair, Deferred Compensation Committee  
The Honorable Ken Simpler, State Treasurer  
The Honorable Trinidad Navarro, Insurance Commissioner  
Mr. Richard J. Geisenberger, Department of Finance  
Mr. Robert Scoglietti (on behalf of Director Michael S. Jackson, Office of Management & Budget)  
Mr. Edward B. Seibert, Member At-Large  
Mr. Ralph Cetrulo, Public Member At-Large  
Mr. Don Shandler, Public Member At-Large

Board Members Not Represented or in Attendance:

Ms. Susan Bunting, Department of Education

Others in Attendance:

Ms. Ann Marie Johnson, Deputy Attorney General  
Mr. Jason Staib, Deputy Attorney General  
Ms. Valerie Watson, Department of Finance  
Mr. Vince Ryan, Department of Insurance  
Ms. Nora Gonzalez, Deputy State Treasurer, Office of the State Treasurer  
Mr. John Meyer, Director of Contributions and Plan Management, Office of the State Treasurer  
Mr. Mike Green, Financial Investment Program Manager, Office of the State Treasurer  
Mr. Dan Kimmel, Financial Investment Program Manager, Office of the State Treasurer  
Mr. Omar Masood, Policy Advisor, Office of the State Treasurer  
Ms. Tiffany Bellmyer, Office of the State Treasurer  
Mr. James Doyle, BDO USA, LLP  
Mr. Brock Thomas, BDO USA, LLP  
Mr. Keith Bernhardt, Fidelity Investments  
Mr. Peter Walsh, Fidelity Investments  
Mr. Justin Rozzero, Fidelity Investments

## **CALLED TO ORDER**

Mr. Echeverri called the meeting to order at 2:03 PM and introductions were made around the table.

## **APPROVAL OF THE MINUTES**

A MOTION was made by Mr. Scoglietti and seconded by Mr. Simpler to approve the meeting minutes of the Plans Management Board (Board) from October 26, 2016. Mr. Campbell-King and Mr. Siebert abstained from voting because they were not present at the October 26, 2016 meeting.

MOTION ADOPTED UNANIMOUSLY

## **REPORT FROM FIDELITY INVESTMENTS**

Mr. Echeverri invited Fidelity to present the quarterly report on the 529 Plan.

### *2016 Achievements*

Mr. Rozzero recapped the Delaware College Investment Plan achievements for 2016. Among the achievements noted were rearrangement of the Governance structure and the creation of the Board in July, the upgrade in the Morningstar rating in October, the decrease in fees to plan participants on index fund and multi-firm portfolio options, and technology enhancements such as e-delivery of statements and fact kits.

### *2017 Focus Areas*

Mr. Rozzero outlined several key focus areas for the year ahead including (i) plan growth, (ii) state income tax credit for plan participants, (iii) website changes and (iv) marketing efforts.

Mr. Rozzero indicated that a large percentage of plan accounts are about to reach college age. He labeled this group as the “age wave” and explained that those plan assets would soon be withdrawn out to pay for college costs. Over the last year, the opening of new accounts in the plan has grown faster, however, he clarified that the current rate of new account openings is not sufficient to replace “age wave” withdrawals. Hence, growing plan assets would need to be a major focus for 2017.

Fidelity suggested to the Board to review the potential implementation of a state income tax credit for Delaware residents contributing to the 529 Plan. Mr. Simpler inquired what information has been evaluated to support the recommendation. Members inquired if the College Committee had conducted the analysis previously. Mr. Rozzero clarified that a formal review for the Delaware case has not been conducted yet. Mr. Meyer indicated that the topic could be included in the white paper being prepared by OST.

Fidelity suggested an increase of the investment cap limit currently set at \$350,000. Members inquired about the benefits of implementing the change and questioned if the focus should be adding more accounts instead. Mr. Meyer inquired about the process and timeline if the cap for contributions to the plan would be increased. Mr. Bernhardt explained that cap changes are usually implemented in the second half of the calendar year and would go into effect the following January.

Mr. Rozzero summarized upcoming website enhancements and marketing efforts that Fidelity would be undertaking to grow the plan.

Mr. Simpler indicated that the strategic plan would be delivered to the Board at the July meeting. He added that the plan would clarify the mission, goals, strategies and tactics for the 529 Plan.

## **REPORT FROM THE DIRECTOR**

### *Retirement Plan Audits*

Mr. Meyer indicated that Audit Reports are anticipated to be distributed before and reviewed at the April Board meeting. Ms. Boyles presented current participant engagement statistics, plan demographics and the concentration of assets in each tier of the investment structure. The Board discussed what quarterly metrics should be included in the report.

### *Board Resolutions for Retirement Plans*

Mr. Meyer circulated for review the resolution to formally appoint Mr. Edward B. Seibert to serve on the Deferred Compensation Committee of the Board.

A MOTION was made by Mr. Campbell-King and seconded by Mr. Simpler to execute the resolution appointing Mr. Siebert as a member of the Deferred Compensation Committee of the Board.

MOTION ADOPTED UNANIMOUSLY

### *Update on Changes to Retirement Plans*

Mr. Meyer indicated that Ann Marie Johnson was working on a memo summarizing changes to the Deferred Compensation Plan Documents. Ms. Johnson added that the memo would be available in a few weeks and recommended to schedule a meeting of the Deferred Compensation Committee so that the adoption of changes would not wait until the next Board meeting scheduled in April. Members agreed to delegate authority to the Deferred Compensation Committee to review, discuss and approve the recommended changes to the Plan Documents. They also requested a copy of the memo and the recommendation from the Committee be submitted as a follow up in anticipation to the next Board meeting.

A MOTION was made by Mr. Campbell-King and seconded by Mr. Scoglietti to delegate authority to the Deferred Compensation Committee to review, discuss and approve the recommended changes to the Plan Documents.

MOTION ADOPTED UNANIMOUSLY

### *Renovation Project Request*

Mr. Meyer stated that OST completed a renovation project of the Office in Wilmington to create a conference room dedicated to the meetings between state employees and Voya representatives. He indicated that the space currently being used by employees and Voya representatives in Dover is not ideal and the team would like to have a dedicated space that offers more privacy to state employees seeking to understand their financial affairs. He asked the Board to consider authorizing OST to engage an architectural firm to explore renovation options for the Dover office with a budget commitment not to exceed \$10,000 dollars.

A MOTION was made by Mr. Campbell-King and seconded by Mr. Echeverri to authorize the engagement of an architectural firm to perform the evaluation with a budget not to exceed \$10,000 dollars.

MOTION ADOPTED UNANIMOUSLY

### *Board Structure and Roadmap*

Mr. Simpler reviewed the past, current, and potential future structures for the Board and Committees. He stated that the current setup was originally proposed because it facilitated the continuation of plans' operations after the merger of the Deferred Compensation Council (DCC) and the Delaware College Investment Plan Board (DCIP). He indicated that the current structures were temporary and proposed a future setup using the Board of Pension

Trustees as reference. He indicated that reorganizing the Committees by function rather than plan could create opportunities for cross-learning and facilitate the identification of best practices. Mr. Simpler recommended to work towards the proposed setup.

Mr. Simpler provided an overview of topics for discussion at the 2017 full Board meetings. He clarified that each meeting would include the presentation of business metrics and performance metrics by the record keepers and investment consultants engaged by each plan. The second half of the meeting would include updates to Board in specific areas including governance, plan audits, strategic plans, and budget.

Mr. Simpler stated that the structure was discussed with the Board Chair and Committee Chairs and that they were in favor but would like feedback from other Board members. There was a discussion regarding the proposal and members agreed with the proposed schedule.

### **OLD BUSINESS**

There was no old business for consideration.

### **NEW BUSINESS**

Mr. Simpler stated that the ABLE Task Force is convening a meeting in February to continue the discussion on implementation paths.

### **NEXT MEETING**

Mr. Meyer announced that the next Board meeting is scheduled for April 25, 2017. Mr. Simpler added that Fiduciary Training for Board members would be provided by the Department of Justice and the session would be scheduled sometime in late February.

### **PUBLIC COMMENTS**

No members of the public present for comment.

### **ADJOURNMENT**

A MOTION was made by Mr. Echeverri and seconded by Mr. Campbell-King to adjourn the meeting of the Plans Management Board at 4:00 PM.

MOTION ADOPTED UNANIMOUSLY

Respectfully submitted,

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Jose Echeverri,  
Chair, Plans Management Board